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ABSTRACT

To determine whether public relations messages generated from three different corporate social responsibility philosophies would have different effects on attitudes and behavioral intentions toward a corporation, 147 college students participated in an experiment. The three social responsibility philosophies were defined as: a "profit" concept, where a corporation seeks to maximize profits in order to promote economic efficiency and further the free market system; a "good citizen" concept, where a corporation is concerned with the groups with which it interacts and undertakes activities to promote public good; and a "leader" concept, where the emphasis is placed on the corporation's leadership role in solving social problems. The students read abstracts from a hypothetical annual report which described corporate activities representing one of the three social responsibility conditions. Next, they evaluated the company on nine dimensions--five relating to their attitudes toward the company and four asking about their behavior in relation to the company. The results indicated that the activities related to the "good citizen" concept were viewed most favorably. The "profit" concept was the lowest rated. A replication of the experiment with 14 public relations practitioners found essentially the same results. (Author/FL)

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The Effects of Public Relations Messages About Corporate Social Responsibility

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TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC) AND USERS OF THE ERIC SYSTEM."

April, 1978

Presented to the Public Relations Division, Association for Education in Journalism Annual Convention, Seattle, Washington, August, 1978.

The data reported in this study were collected as part of a Public Relations research seminar in the School of Journalism and Mass Communication at the University of Wisconsin-Madison. Other seminar participants who contributed to the conceptualization and desigh of the study, and data collection were: Nancy Bavec, Mary Castonia, Donna Frome, Bruce Henderson, John Mattes, George Smith, Kim Smith, and David St. Peter.

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The Effects of Public Relations Messages About Corporate Social Pesponsibility

A recent corporate social responsibility (SR) bibliography revealed that some 2,000 corporations, government offices, foundations, and other organizations produced more than 950 SR-related publications in 1976.[1] According to this bibliography, millions of dollars were being spent on projects which were considered corporate social responsibilities. In 1976, for example, Continental Illinois Corporation spent $3.5 million for a community relations program, Minnesota businesses donated more than $15 million to philanthropic organizations, Cities Service Company expected to spend some $40 million in two years for environmental improvements, and the Kellogg (W. K.) Foundation provided grants of over $31 million for career education and counseling, health education, family health improvement in Latin America, child abuse concerns, and education for the handicapped.[2]

Many of these corporations view SR expenditures as part of their public relations programs. Recent issues of Public Relations News have reported several public relations programs which corporations believe are meeting their social responsibilities. These diverse activities include: drug company employees teaching basic personal safety concepts to four and five year olds; a brewing company spending $100,000 annually for can recycling; an insurance company developing a communications program to reduce choking fatalities; a druggist association developing an educational program to reduce the use of non-prescription drugs; and an oil company encouraging employees to participate in volunteer community work.[3]

Corporations which undertake these types of activities undoubtedly expect some type of favorable reactions from the communication of these activities to their various publics. Parket and Eilbirt assert, "Firms undertaking operations of this sort receive some benefit: Improved public relations in terms of

superior public and customer attitudes which ultimately improve sales. . .[4] Two assumptions of this assertion, however, may be more hoped for than real. First there is little data-based support for the notion that information about an organization's socially responsible activities will make public attitudes and behavior more favorable. Second, it is most often assumed that any information about positive organizational activities will work equally well. The purpose of this study was to empirically determine the attitudinal and behavioral effects of public relations messages which reflect different philosophies of SR.

There appear to be wide differences in the definition of corporate SR as revealed by the differing emphasis on varying types of social action. Several writers have suggested that SR should be viewed historically. Hay and Gray[5] argue that the first ideas about SR embodied the Adam Smith concept of profit maximization as the legitimate goal of business. Business's responsibility was to emphasize profits in order to perpetuate the market economy and preserve the free market system. Technological development, economic efficiency, rugged individualism and discouragement of governmental intervention were the hallmarks of this view.

The second phase, according to Hay and Gray,[6] developed during the 1920's and 1930's. The emphasis for corporate SR shifted from profits to concern with the effect of the corporation on those directly associated with it: the stockholders, employees, suppliers, customers and the community. Government, in this view, was seen as a necessary evil to ensure that the claims of all those affected by the corporation were balanced and all interests were represented.

The third phase was a "quality of life concept." This phase resulted from the awareness of the problems facing society and the belief that because of the scale and the inter-relatedness of these problems, business, in an enlightened self-interest, must work with society to solve its major problems. Government, essential to this phase, was responsible for enacting and enforcing laws in the greater societal interest.[7]

Several other writers have suggested similar classifications of SR perspectives. Holmes[8] called these views "philosophies" and titled them: the classical view, the managerial view and the public view. He suggested a definition similar to Hay and Gray for the first two views. The public view, according to Holmes, is advocated by such proponents as Ralph Nader and John Kenneth Galbraith who assert that business must be in harmony with the public interest and whatever is necessary to do this--public ownership, federal chartering of corporations and stringent government regulation--is appropriate. Kinard[9] made a distinction similar to Hay and Gray, and to Holmes but he dubs these views: Laissez-Faire Free Enterprise, Good Citizen Philosophy, and the Government-Business-Cooperation Creed. Adizes and Weston[10] suggested that these are really three "schools" of thought about SR and called them: the free enterprise school, the moral change school, and a campaign for corporate responsibility. Their "schools" closely parallel those discussed by Hay and Gray, Holmes, and Kinard.

Conceptual Definition of Social Responsibility

The conceptual definition developed for this research follows from the aforementioned perspectives. SR is viewed as occurring on a continuum with the Adam Smith Free Enterprise view at one end, and the Business-Government-Cooperation view at the other end. Somewhere central to these views is, as Kinard suggested, the Good Citizen view. In our conceptualization, the Good

Citizen view embraces Holme's managerial view, and Hay and Gray's second historical phase. A socially responsible corporation operating from the Free Enterprise view would attempt to maximize profits in order to promote economic efficiency and further the free market system. The Good Citizen corporation would be concerned with the many groups it is associated with in society. It would undertake activities to promote the public good of these various groups. The corporation operating from the last view of SR would be deeply involved in attempting to solve social problems and would advocate any governmental interventions necessary to achieve "quality of life" goals.

For the sake of succinctness we have titled these three views: Profit, Citizen, and Leader to indicate that in the first type of corporation the SR emphasis is primarily on profit maximization, in the Citizen corporation the SR emphasis would be primarily on being a good citizen, and in the third, Leader, the corporation would take a leadership role in solving social problems.

The Research Question

The Parket and Eilbirt study indicates, "The great majority of those engaged in these activities view them as effective, even though 'hard' standards of evaluation seem to be lacking."[11] This lack of "hard" evaluation standards and the wide and varying types of activities which encompass corporate SR programs suggested our research question. The intent was to gather empirical evidence about the types of responses corporations could expect if they embrace a particular view of SR and communicated the activities consistent with that view to their different audiences. We were particularly interested whether a corporation actually can expect improved public relations, as measured by differences in attitudes and behaviors toward corporations who express different SR philosophies. Because of the lack of any empirical evidence regarding the effect of these views on attitudes and behavior, and

the exploratory nature of this study, no specific hypotheses were generated to predict the exact type of effects for the three SR philosophies. Rather, the more general research question was:

> Will public relations messages generated from three different SR philosophies have different effects on attitudes and behavioral intentions toward a corporation.

METHODS

Subjects

An experiment was conducted with 147 students in three journalism and communication classes at the University of Wisconsin-Madison in Spring, 1977. The number of students at each level was: freshmen and sophomores, 3; juniors, 59; seniors, 73; and graduate students and others, 9. The sample included 84 males and 59 females.

Procedure

Students in each class were randomly assigned to one of the three SR conditions. In each of the different conditions, students were asked to read a version of part of a hypothetical "annual report" of a pen company. This type of corporation was chosen in order to minimize reactions based on pre-conceptions about certain types of industry. The information presented represented a brief description of the company's activities, and each of the three descriptions corresponded to the conceptual distinctions among the three philosophies of corporate SR.

The activities reported for the profit condition discussed the pen company's installation of a more efficient computer system and production line machinery, an employee suggestion program awarding winners with shares of stock, an executive accountability system, an expanded distribution system, new production facilities, and increases in employment.

The citizen condition announced the company's involvement in sponsoring a Public Broadcast Service television program, an employee education program, a national scholarship program, a national writing contest, and speeches before local and national civic groups.

In the leader condition, the company emphasized expenditures for pollution abatement programs, energy saving policies, water purification projects, an equal opportunity program, increases in hiring of the handicapped, and appointment of a civil liberties board member to the board of directors. Copies of the complete annual report abstracts used in the experiment are in Appendix A.

Dependent Variables

After reading the annual report information, each student was asked to evaluate the pen company on nine dimensions; five which related to their attitudes toward the company and four which asked about hypothetical behaviors in relation to the company. All questions were followed by a seven point scale with the end points described by the phrases indicated in parentheses after each question below. The attitude questions were:

How trustworthy do you feel this company is? (very trustworthy/not at all trustworthy)

Would you believe the information this company gave to the press? (high belief/low belief)

Would you like to see this company locate in your community? (very much/not very much)

Do you like this company's philosophy of business? (very much/not very much)

Do you feel that this company has contributed to the public interest? (very much/ not very much)

The hypothetical behavior questions were:

If you had enough money would you invest in this company? (definitely yes/definitely not)

If you needed this company's product, would you be likely to buy it over other similar products? (definitely yes/definitely not)

Would you like to work on a community project with representatives from this company? (definitely yes/definitely not)

Would you like to work for this company? (definitely yes/definitely not)

Each dependent variable was coded so that the higher values indicated relatively more favorable responses to the company.

RESULTS

Table 1 presents the mean values for the nine dependent variables for all three conditions. Figure 1 graphically represents these means on the five attitude measures and Figure 2 represents the same information for the four hypothetical behavior measures. Overall, the means for the conditions followed a very consistent pattern indicating that the profit philosophy was the least favorable followed by the leader philosophy. The citizen philosophy was consistently viewed most favorably in relation to these measures. The only measure which did not follow this pattern--willingness to purchase products from this company--showed a tie between the means of the citizen and leader conditions. A Friedman two-way analysis of variance by ranks indicated this overall finding was highly significant ($x^2 = 16.93$, $df = 2$, $p < .001$).

Analysis of variance was then done for each individual dependent measure. Two of the five attitude measures were significant beyond the .05 level: approval of location in the community ($F = 3.73$; $df = 2,142$; $p < .02$); and serving the public interest ($F = 3.74$; $df = 2,144$; $p < .001$). One of the hypothetical behavior measures was significant at the .05 level; desirability of working for the company ($F = 3.74$; $df = 2,143$; $p < .02$); and two other

measures approached significance at the .07 level: desire to invest in the company ($F = 2.57$; $df = 2,144$; $p < .07$) and willingness to buy the company's product ($F = 2.57$; $df = 2,143$; $p < .07$).

Using the Scheffé method, post hoc comparisons between the three means for each of the measures where significant differences were found indicated that the major differences among the three conditions were between the profit condition and the other two conditions--citizen and leader. For the two significant attitude measures--location in the community and serving the public interest--the profit condition was significantly different ($p < .05$) from the citizen condition. The same differences were found for the behavioral measure of working for the company. For serving the public interest, however, the profit condition was significantly different ($p < .05$) from the leader condition as well as the good citizen condition. The two measures which had approached significance--desire to invest in the company and willingness to buy the company's products--did not indicate differences between the separate groups using the Scheffé test.

DISCUSSION

The citizen philosophy of social responsibility, which stressed promotion of the public good through contributions of time and money to various publics, was clearly thought to project the most favorable company in this experiment. For all dependent measures except one, the citizen condition was ranked slightly higher than the leader condition and overall, substantially above the profit condition. While the rankings of the conditions were consistent across measures, the citizen and leader conditions were significantly different in only one case. The inability of these two conditions to produce greater differences could be attributed to relatively weak manipulations of the two conditions.

In pretesting company descriptions, these two conditions were the most difficult for subjects to differentiate. When one line descriptions of each of the three conditions were used to learn whether subjects could distinguish among the conditions we found that a substantial number of people in the pretest described their corporate citizen or leader description as being in the other condition. After the pretest, the descriptions were further revised to make them as pure as possible and yet consistent with the conceptualization of each philosophy.

In the actual experiment, a substantial majority of the people in the profit and leader condition identified their SR condition appropriately, (82% for profit; 76% for leadership) but there was still some confusion for people in the citizen condition. More than half of the subjects in that condition identified their corporate description as representing either of the two other versions, with most of the confusion being associated with the leader condition. At this stage in the research, we did not feel this confusion was fatal for three reasons. First, there was almost perfect consistency in the rank ordering of the three conditions. If it would be possible to further differentiate the conditions in other experimental manipulations, this should only augment the differences between the citizen and leader conditions. Any confusion in this study most likely resulted in a conservative interpretation of the data rather than suggesting differences which would otherwise not have occurred. Second, several versions of the conditions were tested in order to obtain descriptions of the philosophies which would maximally differentiate the conditions. It is entirely possible the consistent but small differences found between the citizen and leader conditions represent a relative inability of people to distinguish between the citizen and leader activities of actual companies. Third, it was difficult to devise a check question that would accurately assess subjects' self-reported perceptions of their condition. It

is possible that more detailed descriptions of the conditions would have given a more accurate check on the manipulations.

It should be noted that a major limitation of this study is the sample of people chosen--university students. It is quite possible that public relations practitioners or non-student adults would view philosophies of social responsibility very differently. In an attempt to provide some check on the generalizability of these results to non-student samples, a small replication of the study was completed with 14 public relations practitioners attending the Midwest meeting of the Public Relations Society of America in Madison, Wisconsin in the Fall of 1977. The mean scores for these practitioners on seven of the nine dependent variables are shown in Table 2. While the sample size is too small to provide meaningful tests of significance for each of the measures individually, an analysis of the rank ordering of the conditions showed a pattern of scores very similar to the original sample (two-way analysis of variance by ranks: $\chi^2 = 13.0$, $df = 2$, $p < .001$). Overall, the practitioners rated the citizen description highest followed by the leader and profit conditions. In fact, the only differences between the replication and the original results was a switch between the second and third ranks for the questions about the trustworthiness and willingness to invest in the company. The practitioners were very skeptical about investing in a company with a leader philosophy of social responsibility.

The analyses and discussion in this study have only examined the bivariate relation between content of communication messages (i.e. the different experimental conditions), and behavioral reactions. Given what we know about the effects of communication in general, it is likely that there are other variables, especially characteristics of the receiver, which may interact with the content

of messages to produce different effects from the same messages. Using additional data gathered from students before the experiment was run, we explored several third variables to determine if they produced differential effects for the corporate descriptions. These additional data were gathered or analyzed to test a priori hypotheses, but rather to explore more complex and possibly more descriptive relationships between public relations messages and message effects. Consequently, this information should be conservatively interpreted and used.

Eight other variables were used in combination with the experimental condition. The variables were: political ideology, political party, predispositions toward each of the philosophies (i.e. how favorably subjects rated each of the philosophies before the experiment), age, sex, family income level and socio-economic status of father's and mother's occupation. It should be noted that in this additional analysis the main effects of each of these variables were not of interest. Consequently, while some variables such as sex were good predictors of individual's attitudes and behavior toward the company, only the interaction of the variable and the experimental condition was examined.

Only one of these third variables--political ideology--produced consistently significant interaction effects on the nine dependent measures. Table 3 represents mean values for these interactions. Political ideology was measured on a five point scale from far left to far right with "middle-of-the-road" the midpoint response. Each person was asked "How would you consider your political views?" Based upon responses students were grouped into two categories: Left-Liberal (n = 72) and Middle-Conservative (n = 75).

Two-way analyses of variance indicated that for three of the four behavior measures, the interaction between political ideology and condition was significant at the .05 level and the fourth was significant at .06: willingness to

work on project ($F = 3.81$; $df = 2,140$; $p < .02$) desire to work for company ($F = 5.01$; $df = 2,140$; $p < .008$) willingness to buy product ($F = 9.88$; $df = 2,140$; $p < .001$); and willingness to invest in the company ($F = 2.75$; $df = 2,140$; $p < .06$). The interaction effects on only two of the attitude measures approached significance: trustworthiness ($F = 2.54$; $df = 2,140$; $p < .08$); and liking of the company's philosophy ($F = 2.70$; $df = 2,140$; $p < .06$).

An examination of the interactions, graphically represented by Figure 3, shows that those persons on the liberal end of the continuum were less likely to rate the profit or citizen condition as favorable. For the leader condition, however, liberals were more likely than conservatives to rate the company favorably.

At first, the implications of this experiment for practitioners seem relatively straightforward. Assuming that favorable responses to an organization are a goal of communication messages, activities related to citizen philosophy should be communicated to politically conservative individuals and messages about activities reflecting a leadership philosophy should be communicated to people with liberal political viewpoints. Irrespective of politics, messages which emphasize only profit are not highly regarded and should be avoided.

The simplicity of these suggestions, however, should probably not be totally accepted because of the additional questions which still remain about the effects of public relations messages about social responsibility. These experimental manipulations represent pure representations of corporate philosophy which are isolated from the context of an entire public relations program. Two important research questions which remain are the extent to which real world corporate PR messages represent these SR philosophies, and perhaps more

important, what are the effects of the philosophies when two or three are presented in the same message or communication program. It may be the case, for example, that information about profits in combination with leader information will produce more desirable effects than information about profits and good citizen activities. The profit information may allay the fears that both students and practitioners had about investing in the leader corporation in this experiment.

FOOTNOTES

[1] Bibliography of Corporate Social Responsibility: Programs and Policies, (San Francisco: BankAmerica Corporation, 1977) 6, p. 1.

[2] Ibid., pp. 11, 18, 39, 43.

[3] Ibid., pp. 14, 47, 49, 55, 69.

[4] I.R. Parket and H. Eilbirt, "Social Responsibility, the Underlying Factors," Business Horizons, August (1975), pp. 5-10.

[5] Robert Hay and Ed Gray, "Social Responsibilities of Business Managers," Academy of Management Journal, 17 (1), (1974), pp. 133-144.

[6] Ibid.

[7] Ibid.

[8] Sandra L. Holmes, "Executive Perceptions of Corporate Social Responsibility," Business Horizons, June (1975), pp. 34-35.

[9] J.L. Kinard, "About this Business of Social Responsibility," Personnel Journal, 53, November (1974), pp. 825-828.

[10] Ichak Adizes and J. Fred Weston, "Comparative Models of Social Responsibility," Academy of Management Journal, 16, March (1973), pp. 112-127.

[11] Op. cit.

Table 1. Means on Attitude and Hypothetical Behavior Dependent Variables by Condition (Student sample.)[a]

	PROFIT n=47		CITIZEN n=51		LEADER n=47		Prob.[c]
Attitudes		Rank[b]		Rank		Rank	
Serve Public Interest	3.81	3	5.00	1	4.94	2	<.001
Locate in Community	4.17	3	4.86	1	4.49	2	<.02
Like Company's Philosophy	4.33	3	4.80	1	4.78	2	n.s.
Trustworthy	4.35	3	4.47	1	4.40	2	n.s.
Believe Information From	4.06	3	4.37	1	4.12	2	n.s.
Hypothetical Behavior							
Invest in the Company	4.25	3	4.76	1	4.29	2	<.07
Work for the Company	3.85	3	4.57	1	4.48	2	<.02
Work on Project With	4.04	3	4.51	1	4.46	2	n.s.
Buy Company's Product	3.89	3	4.37	1.5	4.37	1.5	<.07

[a]Response categories were from 1 to 7 for the measures. The higher the number the more favorable the response.

[b]Friedman Two-Way Analysis of Variance by Ranks $X^2 = 16.93$, df = 2, $p < .001$

[c]Analysis of Variance Probabilities for each individual dependent variable.

Table 2. Means for Dependent Variables by Condition (Public Relations Practitioners Sample.)[a]

	PROFIT n=5	Rank[b]	CITIZEN n=4	Rank	LEADER	Rank
Serve Public Interest	4.8	3	6.0	1	5.2	2
Like Company's Philosophy	4.4	3	6.0	1	5.2	2
Trustworthy	4.8	2	6.0	1	4.4	3
Believe Information From	4.4	3	6.5	1	4.6	2
Invest in the Company	4.6	2	5.5	1	3.8	3
Work for the Company	4.4	3	6.2	1	5.0	2
Buy Company's Product	3.4	3	5.5	1	4.6	2

[a] Response categories were from 1 to 7 for the measures. The higher the number the more favorable the response.

[b] Friedman Two-Way Analysis of Variance by Ranks $X^2 = 13.00$, $df = 2$, $p < .001$

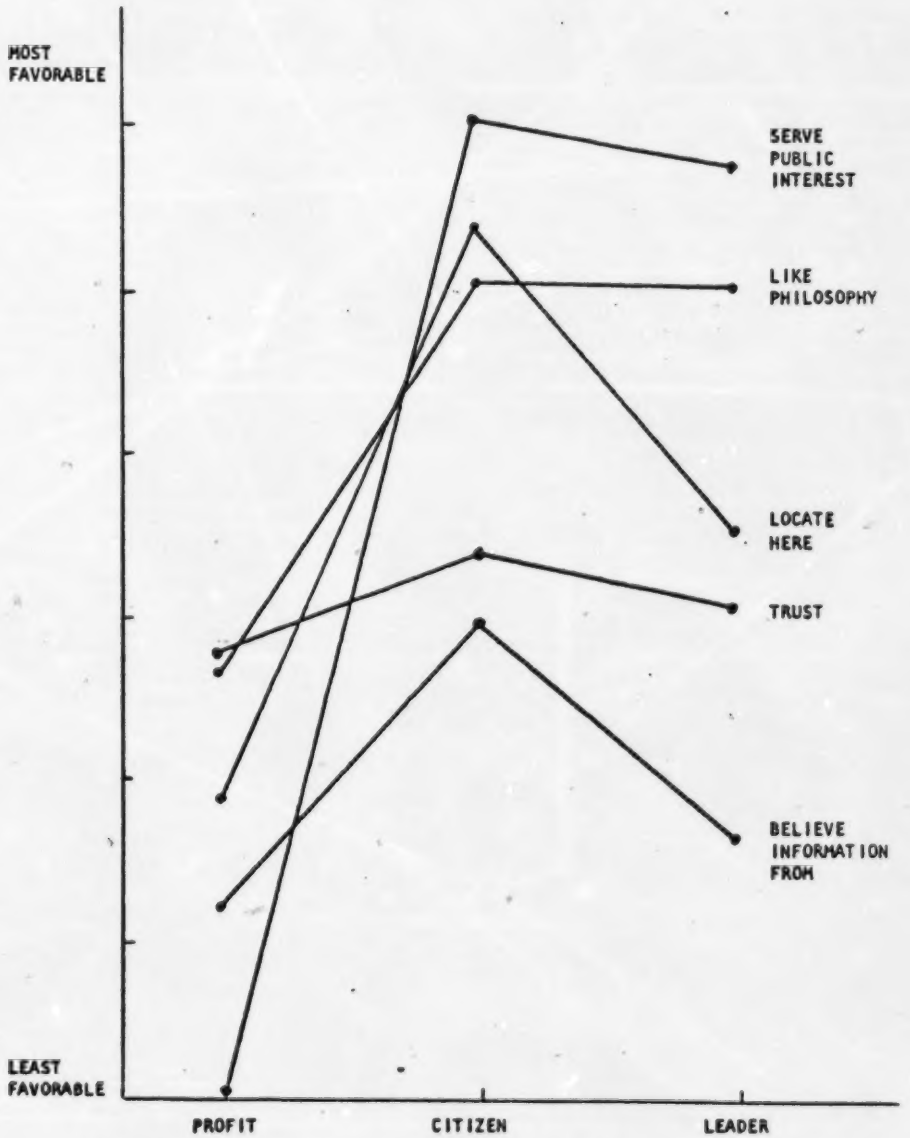
Table 3. Adjusted Means for Dependent Variables by Condition When Controlling for Political Ideology (Student Sample.)[a]

	PROFIT		CITIZEN		LEADER		
	n=72	n=75	n=72	n=75	n=72	n=75	
Attitudes	Left-Liberal	Middle-Conservative	Left-Liberal	Middle-Conservative	Left-Liberal	Middle-Conservative	Prob.[b]
Serve Public Interest	3.7	4.0	4.4	5.3	4.9	5.0	n.s
Locate in Community	4.0	4.4	4.3	5.2	4.4	4.6	n.s
Like Company's Philosophy	3.9	4.9	4.5	5.0	4.9	4.6	.06
Trustworthy	4.1	4.7	3.9	4.8	4.6	4.2	.08
Believe Information From	3.8	4.4	3.9	4.7	4.1	4.1	n.s
Hypothetical Behavior							
Invest in the Company	4.0	4.6	4.5	4.9	4.5	4.0	.06
Work for the Company	3.3	4.5	4.0	4.9	4.7	4.2	.008
Work on Project With	3.8	4.3	4.3	4.6	4.9	4.0	.02
Buy Company's Product	3.4	4.5	3.8	4.7	4.7	4.0	.001

[a]Response categories were from 1 to 7 for the measures. The higher the number the more favorable the response.

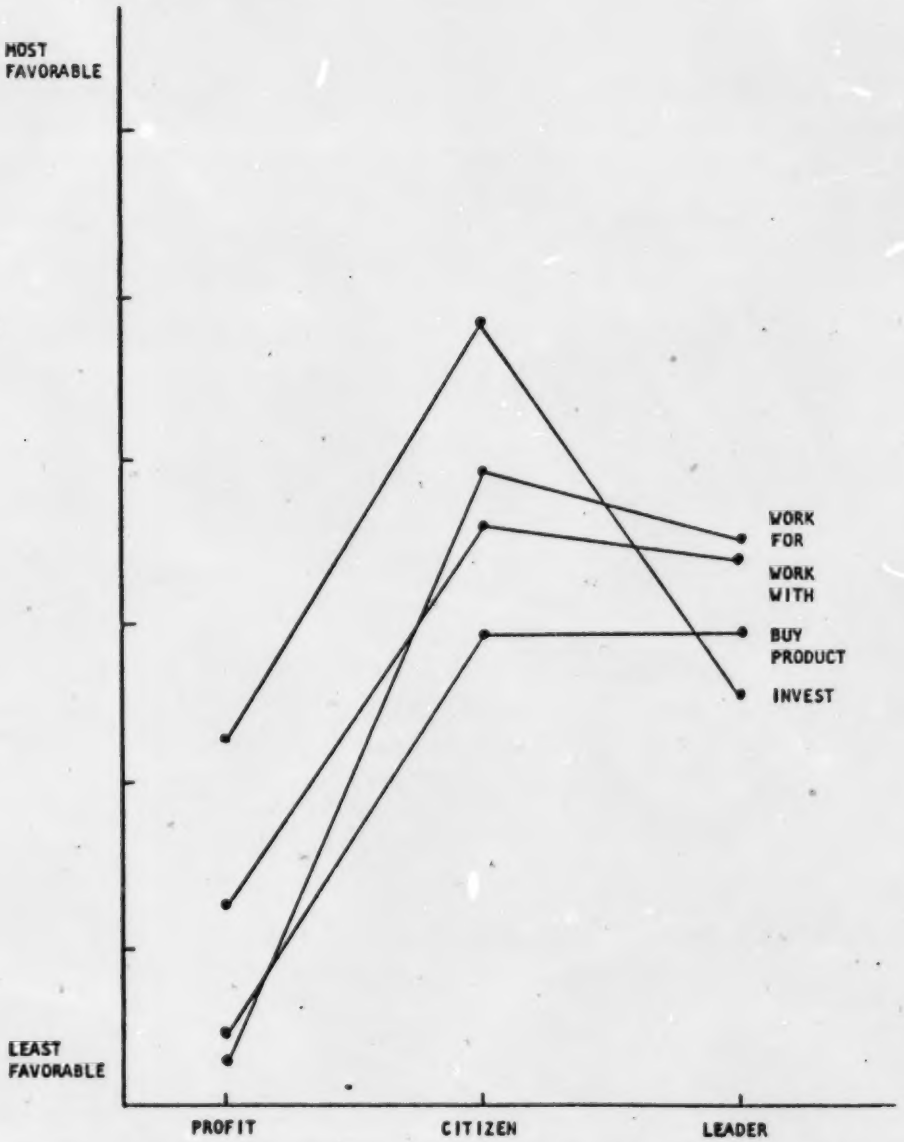
[b]Probabilities for Interaction Effects, Two-Way Analysis of Variance

Figure 1. Graphic Representations of Mean Values on Five Attitude Measures by Experimental Condition (Student Sample).[a]



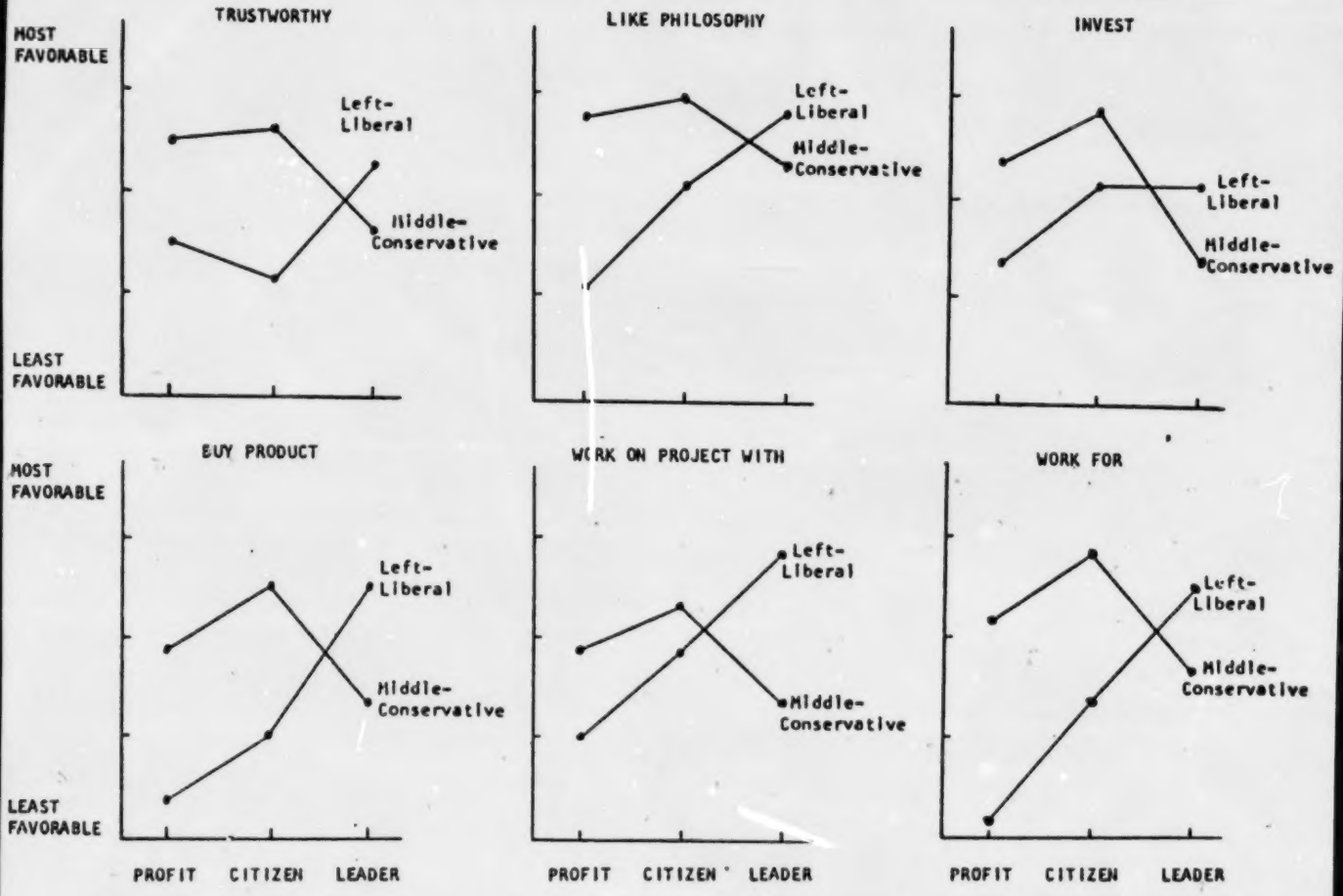
[a]Response categories were from 1 to 7 for the measures. The higher the number the more favorable the response.

Figure 2. Graphic Representation of Mean Values on Four Measures of Behavior Intentions by Experimental Condition (Student Sample).[c]



[c]Response categories were from 1 to 7 for the measures. The higher the number the more favorable the response.

Figure 3. Graphic Representations of the Effects of Experimental Condition on Six Dependent Measures By Political Ideology (Student Sample)[a]



[a]Response categories were from 1 to 7 for the measures. The higher the number the more favorable the response.

Appendix A

Annual Report Abstracts Used in the Three Experimental Conditions (Profit, Good Citizen, and Leadership)

PROFIT CONDITION

The following paragraphs were abstracted from the annual report of the Sheaffer Pen Co. They represent a brief description of some of the activities and philosophies of the company over the last year. We are interested in what you think of the company based on this information. Please read the description and then answer the questions that follow.

We at Sheaffer Pen Co. believe it is our duty as a socially responsible corporation to promote private enterprise, which will ultimately serve the public interest. The pursuance of economic efficiency is the most effective way that a businessman can enhance the public good. In pursuing efficient profit making strategies, the Sheaffer Pen Co. is operating through the free market mechanism in the public interest.

We are proud to announce that earnings increased to $13-million for the year, compared with $11-million the year before. Consolidated sales were $350-million while dividends increased to $1.60 a share.

As stockholders, we are certain you are interested in the activities leading to our success.

In a continual effort to reduce costs and increase efficiency, Sheaffer has installed a new computer system. This system will provide timely and accurate management information to minimize inventories and reduce warehouse storage. As a result, we plan to convert the South Milwaukee, Wis., warehouse into a production facility for a new line of felt tip pens. Sheaffer also has installed more efficient production line machinery which has decreased the number of assemblers in our fine point pen division.

In our concern to maintain the rugged individual spirit of Sheaffer employees we have established an employee suggestion program. We are rewarding employee money-saving ideas with shares of Sheaffer stock. We also have designed an education program to alert employees to the benefits of individual achievement, diligent production, and the free enterprise system.

In addition, our concern for our stockholders has led us to institute an executive accountability system which will report employee travel expenses, salary increases, and the exercise of stock options in our annual report.

In order to remain competitive in the pen industry, Sheaffer has expanded its distribution system to include parts of Germany, Switzerland, Japan, and the Middle East.

The resulting increased demand for Sheaffer pens has enabled the company to construct two new production facilities and to increase assembly space at the main site by 32,000 feet. Sheaffer now has 12 plants and employs 15,000 persons. An additional 2,000 employees were hired to meet the increased production demand in a year when the national unemployment rate was steadily increasing.

We believe that Sheaffer Pen Co.'s record serves as an excellent example of what a corporation concerned with maximizing profits can do even during an economic downturn.

GOOD CITIZEN CONDITION

The following paragraphs were abstracted from the annual report of the Sheaffer Pen Co. They represent a brief description of some of the activities and philosophies of the Company over the last year. We are interested in what you think of the company based on this information. Please read the description and then answer the questions that follow.

We at Sheaffer Pen Co. believe it is our duty as a socially responsible corporation to serve not just our stockholders, but also many diverse groups in society. We feel responsible for balancing the claims and rights of many groups including our employees, customers, suppliers, and the local plant community. The Sheaffer Pen Co. encourages its managers to promote the public good.

We are proud to announce that earnings increased to $13-million for the year, compared with $11-million the year before. Consolidated sales were $350-million while dividends increased to $1.60 a share.

In meeting the needs of several groups, Sheaffer has instituted many programs. Most recently, the company sponsored a Public Broadcast Service television program which was aired last June. The program, "The Evolution of American Culural Groups," was a three-part series shown nationally on most PBS stations.

Our interest in employee education has led us to institute an ongoing employee education program. Higher education is now available to each of Sheaffer's 15,000 employees in all 12 plants. The company is granting leaves of absence and reimbursing employees the costs of tuition and books based on performance in school.

However, the company feels that the need for higher education should be promoted in the community at large as well. Sheaffer has instituted a national scholarship program in which it hopes to send hundreds of deserving high school students to top colleges.

At the elementary education level, Sheaffer sponsored a national writing contest to foster the creative efforts of children. Writing awards included gold, silver, and bronze Sheaffer pens.

Sheaffer management has played a major role in explaining the company's policies and duties to the public in the last year. Our management has made over 100 appearances before local civic groups and national organizations. They were greeted enthusiastically with many questions and suggestions for the company.

It is hoped that in helping meet the needs of many different local and national groups, the Sheaffer Pen Co. can make its biggest contribution to society.

LEADERSHIP CONDITION

The following paragraphs were abstracted from the annual report of the Sheaffer Pen Co. They represent a brief description of some of the activities and philosophies of the Company over the last year. We are interested in what you think of the company based on this information. Please read the description and then answer the questions that follow.

We at Sheaffer Pen Co. believe it is our duty as a socially responsible corporation to become deeply involved in the solution of society's major problems.

We advocate the pursuance of whatever is necessary to insure that the company is in harmony with the public interest. This includes public ownership and membership in the company and the voluntary adoption of strict governmental guidelines.

We are proud to announce that earnings increased to $13-million for the year, compared with $11-million the year before. Consolodated sales were $350-million while dividends increased to $1.60 a share.

In seeking to solve problems in society, Sheaffer has instituted many programs.

Since the early 1970's when the company was under fire from local environmental groups, Sheaffer has spent $3-million a year for pollution abatement programs to meet governmental requirements.

New pollution control and energy-saving programs have been instituted in each of the company's 12 plants. Sheaffer is currently working with government agencies to push for the construction of an hydroelectric power dam near the company's main plant. This will not only serve as a water purification plant, but also will provide cheaper electricity to the surrounding community as well.

The main plant already treats about 3 million gallons of water daily to insure strict federal water purification standards are met. In addition to treatment of water-borne wastes in all of the plants, projects totaling approximately $275,000 have been approved. These projects, upon completion, will practically eliminate all air polluting stack emmisions and provide more efficient operations.

In the area of equal opportunity, we achieved 97 percent of the intermediate objectives agreed to by the company and the government to facilitate the movement of minorities and women into higher level jobs during the year.

Percentage of minorities employed in higher management positions increased 21.8 percent over the previous year. Percentage of women employed in higher management positions increased 9.2 percent over the previous year. We believe these are significant gains for a company that employs 15,000 persons.

In collaboration with interested citizens we have reaffirmed a long-standing policy by designing an affirmative action program for hiring the handicapped.

In addition, Sheaffer Pen Co. is proud to announce the appointment of an American Civil Liberties Union staff member to the Board of Directors. We believe that this addition will insure citizen involvement in the policies of the company and will contribute not only to preventing future problems but also to solving present ones as well.